

## **D - Department of Education**

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## **D - Department of Education**

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## SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Operating Budget

## Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund (Tobacco)	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
General Fund	3,753,906,000	3,753,906,000		3,897,723,600	3,853,733,400	(43,990,200)	4,053,049,000	3,917,791,200	(135,257,800)
Restricted Funds	9,536,400	9,536,400		7,331,300	4,831,300	(2,500,000)	7,331,300	4,831,300	(2,500,000)
Federal Funds	726,621,400	726,621,400		726,546,800	726,546,800		726,546,800	726,546,800	
<b>Regular Total Funds</b>	<b>4,491,672,200</b>	<b>4,491,672,200</b>		<b>4,633,126,700</b>	<b>4,586,636,500</b>	<b>(46,490,200)</b>	<b>4,788,452,100</b>	<b>4,650,694,300</b>	<b>(137,757,800)</b>
Use of Continuing	21,958,900	21,958,900							
<b>TOTAL FUNDS</b>	<b>4,513,631,100</b>	<b>4,513,631,100</b>		<b>4,633,126,700</b>	<b>4,586,636,500</b>	<b>(46,490,200)</b>	<b>4,788,452,100</b>	<b>4,650,694,300</b>	<b>(137,757,800)</b>

## II. EXPENDITURE CATEGORY

Personnel Costs	74,344,400	74,344,400		73,214,200	73,214,200		74,569,200	74,569,200	
Operating Expenses	31,393,500	31,393,500		31,280,200	31,280,200		31,307,200	31,307,200	
Grants, Loans, Benefits	4,400,268,200	4,400,268,200		4,528,632,300	4,482,142,100	(46,490,200)	4,681,255,700	4,544,456,900	(136,798,800)
Debt Service	7,625,000	7,625,000					1,320,000	361,000	(959,000)
<b>TOTAL EXPENDITURES</b>	<b>4,513,631,100</b>	<b>4,513,631,100</b>		<b>4,633,126,700</b>	<b>4,586,636,500</b>	<b>(46,490,200)</b>	<b>4,788,452,100</b>	<b>4,650,694,300</b>	<b>(137,757,800)</b>

## III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
General Fund	3,753,906,000	3,753,906,000		3,748,486,300	3,748,486,300		3,716,346,200	3,716,346,200	
Restricted Funds	9,536,400	9,536,400		4,831,300	4,831,300		4,831,300	4,831,300	
Federal Funds	726,621,400	726,621,400		726,546,800	726,546,800		726,546,800	726,546,800	
<b>Regular Total Funds</b>	<b>4,491,672,200</b>	<b>4,491,672,200</b>		<b>4,481,389,400</b>	<b>4,481,389,400</b>		<b>4,449,249,300</b>	<b>4,449,249,300</b>	
Use of Continuing	21,958,900	21,958,900							
<b>TOTAL BASE LEVEL</b>	<b>4,513,631,100</b>	<b>4,513,631,100</b>		<b>4,481,389,400</b>	<b>4,481,389,400</b>		<b>4,449,249,300</b>	<b>4,449,249,300</b>	

## IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				149,237,300	105,247,100	(43,990,200)	336,702,800	201,445,000	(135,257,800)
Restricted Funds				2,500,000		(2,500,000)	2,500,000		(2,500,000)
<b>TOTAL ADDITIONAL</b>				<b>151,737,300</b>	<b>105,247,100</b>	<b>(46,490,200)</b>	<b>339,202,800</b>	<b>201,445,000</b>	<b>(137,757,800)</b>

## SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

## D - Department of Education

## Capital Budget

## Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				20,250,000	6,000,000	(14,250,000)			
Investment Income				675,000	675,000		675,000	675,000	
<b>TOTAL CAPITAL</b>				<b>20,925,000</b>	<b>6,675,000</b>	<b>(14,250,000)</b>	<b>675,000</b>	<b>675,000</b>	

**D - Department of Education****Operating Budget****Executive Policy and Management**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	679,800	679,800		702,600	702,600		729,000	729,000	
<b>Regular Total Funds</b>	<b>679,800</b>	<b>679,800</b>		<b>702,600</b>	<b>702,600</b>		<b>729,000</b>	<b>729,000</b>	
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>679,800</b>	<b>679,800</b>		<b>702,600</b>	<b>702,600</b>		<b>729,000</b>	<b>729,000</b>	
<b>II. EXPENDITURE CATEGORY</b>									
Personnel Costs	578,900	578,900		596,100	596,100		612,500	612,500	
Operating Expenses	100,900	100,900		106,500	106,500		116,500	116,500	
<b>TOTAL EXPENDITURES</b>	<b>679,800</b>	<b>679,800</b>		<b>702,600</b>	<b>702,600</b>		<b>729,000</b>	<b>729,000</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	679,800	679,800		679,800	679,800		679,800	679,800	
<b>Regular Total Funds</b>	<b>679,800</b>	<b>679,800</b>		<b>679,800</b>	<b>679,800</b>		<b>679,800</b>	<b>679,800</b>	
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>679,800</b>	<b>679,800</b>		<b>679,800</b>	<b>679,800</b>		<b>679,800</b>	<b>679,800</b>	
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>									
General Fund				22,800	22,800		49,200	49,200	
<b>TOTAL ADDITIONAL</b>				<b>22,800</b>	<b>22,800</b>		<b>49,200</b>	<b>49,200</b>	
<b>V. ADDITIONAL BUDGET ITEMS</b>									
<b>1 DC Defined Calculation</b>									
ABREDA0DC00	Provides funds to support a 2% increment, retirement, and health insurance for 6 full-time positions and 1 interim position.								
General Fund				17,200	17,200		33,600	33,600	
<b>Project Total</b>				<b>17,200</b>	<b>17,200</b>		<b>33,600</b>	<b>33,600</b>	
<b>2 GB Restore Operating Funds</b>									
ABREDA00001	Provides additional funds for operating costs.								
General Fund				5,600	5,600		15,600	15,600	
<b>Project Total</b>				<b>5,600</b>	<b>5,600</b>		<b>15,600</b>	<b>15,600</b>	
<b>TOTAL ADDITIONAL</b>				<b>22,800</b>	<b>22,800</b>		<b>49,200</b>	<b>49,200</b>	

## **EXECUTIVE POLICY AND MANAGEMENT**

### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Employment of Personnel:** Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky."

**"Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market."

### **HOUSE REPORT**

The House concurs with the Branch.

### **SENATE REPORT**

The Senate concurs with the House.

**D - Department of Education****Operating Budget****Operations and Support Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	54,148,800	54,148,800		43,775,400	46,275,400	2,500,000	45,316,500	46,857,500	1,541,000
Restricted Funds	7,055,200	7,055,200		4,710,100	2,210,100	(2,500,000)	4,710,100	2,210,100	(2,500,000)
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
Regular Total Funds	69,731,800	69,731,800		57,013,300	57,013,300		58,554,400	57,595,400	(959,000)
Use of Continuing									
TOTAL FUNDS	69,731,800	69,731,800		57,013,300	57,013,300		58,554,400	57,595,400	(959,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	10,039,200	10,039,200		7,092,200	7,092,200		7,313,300	7,313,300	
Operating Expenses	24,039,800	24,039,800		24,393,300	24,393,300		24,393,300	24,393,300	
Grants, Loans, Benefits	28,027,800	28,027,800		25,527,800	25,527,800		25,527,800	25,527,800	
Debt Service	7,625,000	7,625,000					1,320,000	361,000	(959,000)
TOTAL EXPENDITURES	69,731,800	69,731,800		57,013,300	57,013,300		58,554,400	57,595,400	(959,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	54,148,800	54,148,800		43,775,400	43,775,400		43,996,500	43,996,500	
Restricted Funds	7,055,200	7,055,200		2,210,100	2,210,100		2,210,100	2,210,100	
Federal Funds	8,527,800	8,527,800		8,527,800	8,527,800		8,527,800	8,527,800	
Regular Total Funds	69,731,800	69,731,800		54,513,300	54,513,300		54,734,400	54,734,400	
Use of Continuing									
TOTAL BASE LEVEL	69,731,800	69,731,800		54,513,300	54,513,300		54,734,400	54,734,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					2,500,000	2,500,000	1,320,000	2,861,000	1,541,000
Restricted Funds				2,500,000		(2,500,000)	2,500,000		(2,500,000)
TOTAL ADDITIONAL				2,500,000	2,500,000		3,820,000	2,861,000	(959,000)
V. ADDITIONAL BUDGET ITEMS									
1	NEW	Debt Service							
ABREDB00012	Provides debt service to support \$8M in bonds for On-Line Assessment; \$6.25M for Knowledge Mgt/KIDS; and \$4M for the Student Data Mgt Sys - Phase 2. S: Provides debt service to support \$4M in bonds for the Student Data Mgt Sys - Phase 2.								
General Fund							1,229,000	270,000	(959,000)
Project Total							1,229,000	270,000	(959,000)

## SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

**D - Department of Education****Operating Budget****Operations and Support Services**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>2 NEW Debt Service - FFA Leadership Training Center</b>								
ABREDB00013 Provides debt service for \$2M in bonds to support the FFA Leadership Training Center Renovation.								
General Fund						91,000	91,000	
<b>Project Total</b>						<b>91,000</b>	<b>91,000</b>	
<b>3 CONT School Technology in Coal Counties</b>								
ABREDB00014 Provides funding for the Coal County Computing program.								
General Fund				2,500,000	2,500,000		2,500,000	2,500,000
Restricted Funds			2,500,000		(2,500,000)	2,500,000		(2,500,000)
<b>Project Total</b>			<b>2,500,000</b>	<b>2,500,000</b>		<b>2,500,000</b>	<b>2,500,000</b>	
<b>TOTAL ADDITIONAL</b>			<b>2,500,000</b>	<b>2,500,000</b>		<b>3,820,000</b>	<b>2,861,000</b>	<b>(959,000)</b>

## **OPERATIONS AND SUPPORT SERVICES**

### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

**"Debt Service:** Included in the above General Fund appropriation is \$1,229,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

### **HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House provides \$2,500,000 in each fiscal year from the Local Government Economic Development Fund to support the Coal County Computing program.

The House provides additional General Fund support totaling \$91,000 in fiscal year 2009-2010 for debt service for new bonds as set forth in Part II of this Act.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the language provision relating to **"Debt Service"**. The debt service amount is increased from \$1,229,000 to \$1,320,000 in fiscal year 2009-2010.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

### **OPERATIONS AND SUPPORT SERVICES**

**"School Technology in Coal Counties:** Notwithstanding KRS 42.4588(2) and (4), included in the above Restricted Funds appropriation is \$2,500,000 in each fiscal year from the Local Government Economic Development Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of Education shall use the appropriation in this subsection to continue the Coal County Computing program in conjunction with the Cabinet for Economic Development through its Department of Commercialization and Innovation."

**"Education Technology Program:** Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program."

The House amends Part II, Capital Budget, to provide a reduced level of Bond Funds totaling \$8,000,000 for the On-Line Assessment project in fiscal year 2008-2009.

The House amends Part II, Capital Budget, to provide an increased level of Bond Funds totaling \$6,250,000 for the Knowledge Management Portal/KIDS project in fiscal year 2008-2009.

The House adds the following Part II, Capital Projects:

FFA Leadership Camp Renovation - \$2,000,000 in Bond Funds in fiscal year 2008-2009.

Student Data Management System - Phase 2 - \$4,000,000 in Bond Funds in fiscal year 2008-2009.

### **SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate provides total debt service of \$361,000 in fiscal year 2009-2010 to support for debt service for new bonds as set forth in Part II of this Act.

The Senate modifies the Part I, Operating Budget, language provision relating to "**Debt Service**". The debt service amount is reduced from \$1,320,000 to \$361,000 in fiscal year 2009-2010.

The Senate modifies the Part I, Operating Budget, language provision relating to "**School Technology in Coal Counties**" to clarify that the identified amount of \$2,500,000 is contained within the General Fund appropriation.

3/22/08 10:21 am

**SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY  
BUDGET MODIFICATION REPORT**

**OPERATIONS AND SUPPORT SERVICES**

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$8,000,000 for the On-Line Assessment project in fiscal year 2008-2009.

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$6,250,000 for the Knowledge Management Portal/KIDS project in fiscal year 2008-2009.

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**D - Department of Education****Capital Budget****Operations and Support Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>									
Bond Funds				20,250,000	6,000,000	(14,250,000)			
Investment Income				675,000	675,000		675,000	675,000	
<b>TOTAL CAPITAL</b>				<b>20,925,000</b>	<b>6,675,000</b>	<b>(14,250,000)</b>	<b>675,000</b>	<b>675,000</b>	
<b>II. CAPITAL PROJECTS</b>									
<b>1 On-Line Assessment</b>									
PRJEDB01662									
Bond Funds				8,000,000		(8,000,000)			
<b>Project Total</b>				<b>8,000,000</b>		<b>(8,000,000)</b>			
<b>2 Knowledge Management Portal/KIDS</b>									
PRJEDB01660									
Bond Funds				6,250,000		(6,250,000)			
<b>Project Total</b>				<b>6,250,000</b>		<b>(6,250,000)</b>			
<b>3 Maintenance Pool - 2008-2010</b>									
PRJEDB01659									
Investment Income				675,000	675,000		675,000	675,000	
<b>Project Total</b>				<b>675,000</b>	<b>675,000</b>		<b>675,000</b>	<b>675,000</b>	
<b>4 Student Data Management System - Phase 2</b>									
PRJEDB01661									
Bond Funds				4,000,000	4,000,000				
<b>Project Total</b>				<b>4,000,000</b>	<b>4,000,000</b>				
<b>5 FFA Leadership Training Center Renovation</b>									
PRJEDB05003									
Bond Funds				2,000,000	2,000,000				
<b>Project Total</b>				<b>2,000,000</b>	<b>2,000,000</b>				
<b>TOTAL CAPITAL</b>				<b>20,925,000</b>	<b>6,675,000</b>	<b>(14,250,000)</b>	<b>675,000</b>	<b>675,000</b>	

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**D - Department of Education****Operating Budget****Learning and Results Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
General Fund	812,525,300	812,525,300		880,563,300	847,521,500	(33,041,800)	927,956,500	894,914,700	(33,041,800)
Restricted Funds	2,481,200	2,481,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	718,093,600	718,093,600		718,019,000	718,019,000		718,019,000	718,019,000	
Regular Total Funds	1,534,708,500	1,534,708,500		1,602,728,500	1,569,686,700	(33,041,800)	1,650,121,700	1,617,079,900	(33,041,800)
Use of Continuing	21,958,900	21,958,900							
TOTAL FUNDS	1,556,667,400	1,556,667,400		1,602,728,500	1,569,686,700	(33,041,800)	1,650,121,700	1,617,079,900	(33,041,800)
II. EXPENDITURE CATEGORY									
Personnel Costs	63,726,300	63,726,300		65,525,900	65,525,900		66,643,400	66,643,400	
Operating Expenses	7,252,800	7,252,800		6,780,400	6,780,400		6,797,400	6,797,400	
Grants, Loans, Benefits	1,485,688,300	1,485,688,300		1,530,422,200	1,497,380,400	(33,041,800)	1,576,680,900	1,543,639,100	(33,041,800)
TOTAL EXPENDITURES	1,556,667,400	1,556,667,400		1,602,728,500	1,569,686,700	(33,041,800)	1,650,121,700	1,617,079,900	(33,041,800)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
General Fund	812,525,300	812,525,300		795,872,900	795,872,900		796,402,700	796,402,700	
Restricted Funds	2,481,200	2,481,200		2,621,200	2,621,200		2,621,200	2,621,200	
Federal Funds	718,093,600	718,093,600		718,019,000	718,019,000		718,019,000	718,019,000	
Regular Total Funds	1,534,708,500	1,534,708,500		1,518,038,100	1,518,038,100		1,518,567,900	1,518,567,900	
Use of Continuing	21,958,900	21,958,900							
TOTAL BASE LEVEL	1,556,667,400	1,556,667,400		1,518,038,100	1,518,038,100		1,518,567,900	1,518,567,900	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				84,690,400	51,648,600	(33,041,800)	131,553,800	98,512,000	(33,041,800)
TOTAL ADDITIONAL				84,690,400	51,648,600	(33,041,800)	131,553,800	98,512,000	(33,041,800)
V. ADDITIONAL BUDGET ITEMS									
1	DC	Defined Calculation							
ABREDD0DC00 Provides funds for the increase in health ins. for local school employees.									
General Fund				34,600,000	34,600,000		80,858,700	80,858,700	
Project Total				34,600,000	34,600,000		80,858,700	80,858,700	
2	CONT	Kentucky School for the Blind							
ABREDD00061 Provides funds to support personnel and operations at the Kentucky School for the Blind.									
General Fund				566,800	566,800		866,600	866,600	
Project Total				566,800	566,800		866,600	866,600	

**D - Department of Education****Operating Budget****Learning and Results Services**

			<b>Fiscal Year 2007-2008</b>			<b>Fiscal Year 2008-2009</b>			<b>Fiscal Year 2009-2010</b>		
			<b>House Budget</b>	<b>Senate Budget</b>	<b>Difference</b>	<b>House Budget</b>	<b>Senate Budget</b>	<b>Difference</b>	<b>House Budget</b>	<b>Senate Budget</b>	<b>Difference</b>
<b>3</b>	<b>CONT</b>	<b>Kentucky School for the Deaf</b>									
ABREDD00062 Provides funds to support personnel and operations at the Kentucky School for the Deaf.											
General Fund						592,000	592,000		896,900	896,900	
<b>Project Total</b>						<b>592,000</b>	<b>592,000</b>		<b>896,900</b>	<b>896,900</b>	
<b>4</b>	<b>CONT</b>	<b>Restore Extended School Services Funding</b>									
ABREDD00064 Provides funds to maintain the Extended School Services Program at fiscal year 2007-2008 levels.											
General Fund						18,630,800		(18,630,800)	18,630,800		(18,630,800)
<b>Project Total</b>						<b>18,630,800</b>		<b>(18,630,800)</b>	<b>18,630,800</b>		<b>(18,630,800)</b>
<b>5</b>	<b>CONT</b>	<b>Restore Professional Development Funding</b>									
ABREDD00065 Provides funds to maintain the Professional Development Program at fiscal year 2007-2008 levels.											
General Fund						8,792,000		(8,792,000)	8,792,000		(8,792,000)
<b>Project Total</b>						<b>8,792,000</b>		<b>(8,792,000)</b>	<b>8,792,000</b>		<b>(8,792,000)</b>
<b>6</b>	<b>CONT</b>	<b>Restore Safe Schools Funding</b>									
ABREDD00066 Provides funds to maintain the Safe Schools Program at fiscal year 2007-2008 levels. S: Provides funds to partially restore Safe Schools funding.											
General Fund						6,069,000	400,000	(5,669,000)	6,069,000	400,000	(5,669,000)
<b>Project Total</b>						<b>6,069,000</b>	<b>400,000</b>	<b>(5,669,000)</b>	<b>6,069,000</b>	<b>400,000</b>	<b>(5,669,000)</b>
<b>7</b>	<b>CONT</b>	<b>Restore Textbook Funding</b>									
ABREDD00067 Provides funds to maintain the Textbooks Program at fiscal year 2007-2008 levels.											
General Fund						12,689,800	12,689,800		12,689,800	12,689,800	
<b>Project Total</b>						<b>12,689,800</b>	<b>12,689,800</b>		<b>12,689,800</b>	<b>12,689,800</b>	
<b>8</b>	<b>CONT</b>	<b>Individual Learning Plan</b>									
ABREDD00068 Provide funds to support the Individual Learning Plan program.											
General Fund						750,000		(750,000)	750,000		(750,000)
<b>Project Total</b>						<b>750,000</b>		<b>(750,000)</b>	<b>750,000</b>		<b>(750,000)</b>
<b>9</b>	<b>NEW</b>	<b>Parent Involvement Initiative</b>									
ABREDD00069 Provide funds to support the Parent Involvement Initiative.											
General Fund						500,000		(500,000)	500,000		(500,000)
<b>Project Total</b>						<b>500,000</b>		<b>(500,000)</b>	<b>500,000</b>		<b>(500,000)</b>

**D - Department of Education****Operating Budget****Learning and Results Services**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>10 CONT Professional Growth Fund</b>								
ABREDD00070 Provides funds to restore a portion of the base cuts to the Professional Growth Fund.								
General Fund			1,500,000		(1,500,000)	1,500,000		(1,500,000)
<b>Project Total</b>			<b>1,500,000</b>		<b>(1,500,000)</b>	<b>1,500,000</b>		<b>(1,500,000)</b>
<b>11 CONT ACT/WorkKeys</b>								
ABREDD00071 Provides additional funds to support ACT and WorkKeys testing.								
General Fund				300,000	300,000		300,000	300,000
<b>Project Total</b>				<b>300,000</b>	<b>300,000</b>		<b>300,000</b>	<b>300,000</b>
<b>12 CONT Read to Achieve</b>								
ABREDD00072 Provides Coal Severance Funds for the Read to Achieve program to restore funding to the fiscal year 2007-2008 level.								
General Fund				2,500,000	2,500,000		2,500,000	2,500,000
<b>Project Total</b>				<b>2,500,000</b>	<b>2,500,000</b>		<b>2,500,000</b>	<b>2,500,000</b>
<b>TOTAL ADDITIONAL</b>			<b>84,690,400</b>	<b>51,648,600</b>	<b>(33,041,800)</b>	<b>131,553,800</b>	<b>98,512,000</b>	<b>(33,041,800)</b>

## **LEARNING AND RESULTS SERVICES**

### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Funding for Employer Health and Life Insurance:** If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to approval of the Governor upon the written recommendation of the Secretary of the Finance and Administration Cabinet pursuant to the written request of the Commissioner of Education. The per-month per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance."

**"Kentucky School for the Blind and Kentucky School for the Deaf:** Included in the above General Fund appropriation is \$7,223,900 in fiscal year 2008-2009 and \$7,523,700 in fiscal year 2009-2010 for the Kentucky School for the Blind, and \$9,896,200 in fiscal year 2008-2009 and \$10,201,100 in fiscal year 2009-2010 for the Kentucky School for the Deaf."

**"Kentucky Education Technology System:** (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds.

**LEARNING AND RESULTS SERVICES**

(b) The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools."

**"Family Resource and Youth Services Centers:** Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2008-2009 and in fiscal year 2009-2010 to the Cabinet for Health and Family Services consistent with KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this paragraph to the Legislative Research Commission."

**"Health Insurance:** Included in the above General Fund appropriation is \$538,455,000 in fiscal year 2008-2009 and \$584,713,700 in fiscal year 2009-2010 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage."

**"Learning and Results Services Programs:** Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2008-2010 fiscal biennium:

- (a) \$13,228,700 in each fiscal year for the Extended School Services Program;
- (b) \$57,145,000 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;
- (d) \$6,242,700 in each fiscal year for the Professional Development Program;
- (e) \$4,309,300 in each fiscal year for the Safe Schools Program;
- (f) \$1,400,000 in each fiscal year for ACT and WorkKeys testing;
- (g) \$9,010,300 in each fiscal year for the Textbooks Program;
- (h) \$1,400,000 in each fiscal year for the Collaborative Center for Literacy Development;
- (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (k) \$2,100,000 in each fiscal year for the Community Education Program;

**LEARNING AND RESULTS SERVICES**

- (l) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (m) \$23,558,100 in each fiscal year for the Early Reading Incentive Grant/Read to Achieve Program;
- (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (o) \$4,276,700 in each fiscal year for the School Food Services match;
- (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- (t) \$11,585,700 in each fiscal year for the Locally Operated Vocational Schools;
- (u) \$610,300 in each fiscal year for the Writing Program;
- (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- (w) \$2,378,700 in each fiscal year for Local School District Life Insurance;
- (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (y) \$6,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (z) \$387,500 in each fiscal year for the Middle School Academic Center;
- (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ab) \$994,700 in each fiscal year for the Professional Growth Fund;
- (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ad) The allocations referenced in subsection (5) of this budget unit for Local School District Health Insurance;
- (ae) \$100,000 in each fiscal year for a specialized tutoring program for students with learning disabilities from Appalachian counties;
- (af) \$430,000 in each fiscal year for the Partnership for Student Success Program;
- (ag) \$5,649,800 in each fiscal year for the Highly Skilled Educator Program; and
- (ah) \$1,507,900 in each fiscal year for the Commonwealth School Improvement Fund."

**"Program Flexibility:** Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, four programs (Professional Development, Extended School Services, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population."

**"Textbook Adoption:** Notwithstanding KRS 156.400, the Commissioner of Education may delay the adoption of textbooks or combine two groups for adoption."

## **LEARNING AND RESULTS SERVICES**

**"Publishing Requirements:** Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed."

**"Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance, if approved by the Commissioner of Education."

**"Coordination With Head Start:** Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, and to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this subsection. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement."

**"Highly Skilled Educators:** Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110)."

**"Commonwealth School Improvement Fund:** Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind."

## **HOUSE REPORT**

The House concurs with the Branch with the following changes:

## **LEARNING AND RESULTS SERVICES**

The House reduces General Fund support from the Local Government Economic Development Fund totaling \$2,500,000 in each fiscal year for the Read to Achieve Program.

The House increases General Fund support totaling \$18,630,800 in each fiscal year to restore base reductions in the Extended School Services Program.

The House increases General Fund support totaling \$8,792,000 in each fiscal year to restore base reductions in the Professional Development Program.

The House increases General Fund support totaling \$6,069,000 in each fiscal year to restore base reductions in the Safe Schools Program.

The House increases General Fund support totaling \$12,689,800 in each fiscal year to restore base reductions in the Textbooks Program.

The House increases General Fund support totaling \$1,500,000 in each fiscal year to restore a portion of the base reductions to the Professional Growth Fund.

The House increases General Fund support totaling \$750,000 in each fiscal year to support the Individual Learning Plan Program.

The House increases General Fund support totaling \$500,000 in each fiscal year to support the Parent Involvement Initiative.

The House deletes a Part I, Operating Budget, language provision relating to "**Textbook Adoption**".

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, language provision relating to "**Learning and Results Services Programs**" to:

- Delete the amount \$13,228,700 and replace it with \$31,859,500 for the Extended School Services Program;
- Delete the amount \$6,242,700 and replace it with \$15,034,700 for the Professional Development Program;
- Delete the amount \$4,309,300 and replace it with \$10,378,300 for the Safe Schools Program;
- Delete the amount \$9,010,300 and replace it with \$21,700,100 for the Textbooks Program;

### LEARNING AND RESULTS SERVICES

Delete the amount \$23,558,100 and replace it with \$21,058,100 for the Read to Achieve Program;  
Delete the amount \$994,700 and replace it with \$2,494,700 for the Professional Growth Fund;  
Add the amount \$750,000 in each fiscal year for the Individual Learning Plan Program; and  
Add the amount \$500,000 in each fiscal year for the Parent Involvement Initiative.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, language provision relating to "**Program Flexibility**" by adding the Preschool Program to the list of eligible programs.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**"Surplus Property:** Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly."

**"Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446."

**"Advisory Council for Gifted and Talented Education:** Notwithstanding KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented Education may be reappointed but shall not serve more than three consecutive terms. Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted Education shall be a voting member of the State Advisory Council for Gifted and Talented Education."

**"Program Administration:** The Department of Education is authorized to expend grant funds for costs related to the administration of programs for which it is responsible. The department may expend no more than five percent of each grant for these purposes and these expenditures shall be approved by the Office of the State Budget Director."

**"Local District Grant Fund Carry Forward:** Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2008-2009 shall be carried forward to fiscal year 2009-2010. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2008-2009 shall be carried forward to fiscal year 2009-2010."

**LEARNING AND RESULTS SERVICES**

**"Funds Transfer:** The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

**"Georgia Chaffee Teenage Parent Program:** The Jefferson County Board of Education is authorized to fund the Georgia Chaffee Teenage Parent Program from within their existing resources."

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate provides additional General Fund support of \$300,000 in each fiscal year for ACT and WorkKeys testing.

The Senate provides additional General Fund support, from the Coal Severance Funds, of \$2,500,000 in each fiscal year for the Read to Achieve Program.

The Senate does not provide additional General Fund support of \$18,630,800 in each fiscal year for the Extended School Services Program.

The Senate does not provide additional General Fund support of \$8,792,000 in each fiscal year for the Professional Development Program.

The Senate does not provide additional General Fund support of \$5,669,000 in each fiscal year for the Safe Schools Program.

The Senate does not provide additional General Fund support of \$750,000 in each fiscal year for Individual Learning Plans.

The Senate does not provide additional General Fund support of \$500,000 in each fiscal year for the Parent Involvement Initiative.

The Senate does not provide additional General Fund support of \$1,500,000 in each fiscal year for the Professional Growth Fund.

The Senate deletes a Part I, Operating Budget, language provision relating to **"Georgia Chaffee Teenage Parent Program"**.

The Senate modifies the Part I, Operating Budget, language provision relating to **"Program Flexibility"** by removing the Preschool

**LEARNING AND RESULTS SERVICES**

program from the list of eligible programs.

The Senate modifies the Part I, Operating Budget, language provision relating to "**Learning and Results Services Programs**" to:

- Delete the amount \$31,859,500 and replace it with \$13,228,700 for the Extended School Services Program;
- Delete the amount \$15,034,700 and replace it with \$6,242,700 for the Professional Development Program;
- Delete the amount \$10,378,300 and replace it with \$4,709,300 for the Safe Schools Program;
- Delete the amount \$21,058,100 and replace it with \$23,558,100 for the Read to Achieve Program;
- Delete the amount \$2,494,700 and replace it with \$994,700 for the Professional Growth Fund;
- Delete the amount \$750,000 in each fiscal year for the Individual Learning Plan Program;
- Delete the amount \$500,000 in each fiscal year for the Parent Involvement Initiative; and
- Add the amount \$300,000 in each fiscal year for ACT/WorkKeys testing.

The Senate adds a Part I, Operating Budget, language provision as follows:

**"ACT/WorkKeys Testing:** Notwithstanding KRS 158.6453, the payment by the Department of Education of the cost of the WorkKeys assessment for fiscal year 2008-2009 and fiscal year 2009-2010 shall be limited to students in grade 12. Notwithstanding KRS 158.6459, the payment of a second ACT examination by the Department of Education for students participating in accelerated learning for fiscal year 2008-2009 and fiscal year 2009-2010 shall be limited to students eligible for free or reduced-price meals. The school shall maintain the student's learning plan and provide evidence of consultation among parents, teachers, and the student."

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**D - Department of Education****Operating Budget****Support Education Excellence in Kentucky (SEEK) Program**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>									
General Fund	2,886,552,100	2,886,552,100		2,972,682,300	2,959,233,900	(13,448,400)	3,079,047,000	2,975,290,000	(103,757,000)
<b>Regular Total Funds</b>	<b>2,886,552,100</b>	<b>2,886,552,100</b>		<b>2,972,682,300</b>	<b>2,959,233,900</b>	<b>(13,448,400)</b>	<b>3,079,047,000</b>	<b>2,975,290,000</b>	<b>(103,757,000)</b>
Use of Continuing									
<b>TOTAL FUNDS</b>	<b>2,886,552,100</b>	<b>2,886,552,100</b>		<b>2,972,682,300</b>	<b>2,959,233,900</b>	<b>(13,448,400)</b>	<b>3,079,047,000</b>	<b>2,975,290,000</b>	<b>(103,757,000)</b>
<b>II. EXPENDITURE CATEGORY</b>									
Grants, Loans, Benefits	2,886,552,100	2,886,552,100		2,972,682,300	2,959,233,900	(13,448,400)	3,079,047,000	2,975,290,000	(103,757,000)
<b>TOTAL EXPENDITURES</b>	<b>2,886,552,100</b>	<b>2,886,552,100</b>		<b>2,972,682,300</b>	<b>2,959,233,900</b>	<b>(13,448,400)</b>	<b>3,079,047,000</b>	<b>2,975,290,000</b>	<b>(103,757,000)</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>									
General Fund	2,886,552,100	2,886,552,100		2,908,158,200	2,908,158,200		2,875,267,200	2,875,267,200	
<b>Regular Total Funds</b>	<b>2,886,552,100</b>	<b>2,886,552,100</b>		<b>2,908,158,200</b>	<b>2,908,158,200</b>		<b>2,875,267,200</b>	<b>2,875,267,200</b>	
Use of Continuing									
<b>TOTAL BASE LEVEL</b>	<b>2,886,552,100</b>	<b>2,886,552,100</b>		<b>2,908,158,200</b>	<b>2,908,158,200</b>		<b>2,875,267,200</b>	<b>2,875,267,200</b>	
<b>IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE</b>									
General Fund				64,524,100	51,075,700	(13,448,400)	203,779,800	100,022,800	(103,757,000)
<b>TOTAL ADDITIONAL</b>				<b>64,524,100</b>	<b>51,075,700</b>	<b>(13,448,400)</b>	<b>203,779,800</b>	<b>100,022,800</b>	<b>(103,757,000)</b>
<b>V. ADDITIONAL BUDGET ITEMS</b>									
<b>1 DC Defined Calculation</b>									
ABREDS0DC00	Provides funds for retirement match for teacher rank and step increases.								
General Fund				3,882,600	3,882,600		9,959,300	9,959,300	
<b>Project Total</b>				<b>3,882,600</b>	<b>3,882,600</b>		<b>9,959,300</b>	<b>9,959,300</b>	
<b>2 GB Additional Equalization Funding</b>									
ABREDS00006	Provides funding for additional districts in the Equalized Facility Funding Program and the Retroactive Equalized Facility Funding Program. S: Provides funding based on revisions to the equalization programs.								
General Fund				1,435,100	2,362,600	927,500	2,066,100	4,059,600	1,993,500
<b>Project Total</b>				<b>1,435,100</b>	<b>2,362,600</b>	<b>927,500</b>	<b>2,066,100</b>	<b>4,059,600</b>	<b>1,993,500</b>
<b>3 CONT Stipends for National Board Certified Teachers</b>									
ABREDS00008	Provides funds for projected increases in the number of teachers eligible for stipends.								
General Fund				246,000	246,000		496,000	496,000	
<b>Project Total</b>				<b>246,000</b>	<b>246,000</b>		<b>496,000</b>	<b>496,000</b>	

**D - Department of Education****Operating Budget****Support Education Excellence in Kentucky (SEEK) Program**

			Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010					
			House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference			
4	NEW	Increase SEEK Base												
ABREDS00009			Provides funds to increase the SEEK base.											
General Fund				12,000,000		(12,000,000)		30,000,000		(30,000,000)				
Project Total				12,000,000		(12,000,000)		30,000,000		(30,000,000)				
5	NEW	Salary Increases - Local School District Personnel												
ABREDS00010			Provides funds for a salary increase of 1% in FY09 and 3% in FY10 and for the assoc. ret. match for cert. staff. S:Provides funds for a salary increase personnel of 1% in FY09 and 1% in FY10 and for the assoc. ret. match for cert. staff.											
General Fund				39,033,900		38,180,700		(853,200)		155,681,200		75,995,400		(79,685,800)
Project Total				39,033,900		38,180,700		(853,200)		155,681,200		75,995,400		(79,685,800)
6	CONT	SEEK Calculation Adjustment												
ABREDS00011			Provides funds for a calculation adjustment to match projections of assessment and average daily attendance.											
General Fund				7,926,500		6,403,800		(1,522,700)		5,577,200		9,512,500		3,935,300
Project Total				7,926,500		6,403,800		(1,522,700)		5,577,200		9,512,500		3,935,300
TOTAL ADDITIONAL				64,524,100		51,075,700		(13,448,400)		203,779,800		100,022,800		(103,757,000)

## **SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM**

### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The Executive Branch Budget supporting documents provide a SEEK per pupil guarantee (including \$100 per pupil capital outlay) of \$3,822 in each fiscal year of the biennium based on a projected average daily attendance (ADA) totaling 591,605 students in fiscal year 2008-2009 and 594,619 students in fiscal year 2009-2010.

The Executive Branch Budget supporting documents incorporate a consensus estimate reached by the Kentucky Department of Education and the Office of State Budget Director projecting a statewide assessed valuation of \$274,747,386,900 in fiscal year 2008-2009 and \$288,772,633,500 in fiscal year 2009-2010.

The Executive Branch Budget supporting documents incorporate an amount of \$713,000 as 150% of the statewide average per pupil assessment in each fiscal year of the biennium for programs eligible for equalization (Tier I component of SEEK, Facilities Support Program of Kentucky, Equalized Growth Nickel, Retroactive Equalized Facility Funding, and Equalized Facility Funding).

The Executive Branch Budget supporting documents continue the modified hold-harmless guarantee in fiscal biennium 2008-2010 which provides that every local school district will receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992.

The Executive Branch Budget supporting documents include the continuation of the factor (.15) to be applied to the SEEK base per pupil guarantee to determine the "at-risk" funds to be included in the SEEK funding formula in fiscal biennium 2008-2010.

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The Executive Branch Budget supporting documents include the continuation of the factor (.096) to be applied to the SEEK base per pupil guarantee to determine the limited English proficiency funds to be included in the SEEK funding formula in fiscal biennium 2008-2010.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Common School Fund Earnings:** Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program."

**"Base SEEK Allotments:** Notwithstanding KRS 157.420(2), the above appropriation includes \$2,050,125,800 in fiscal year 2008-2009 and \$2,034,629,900 in fiscal year 2009-2010 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$214,752,800 in each fiscal year for pupil transportation."

**"Tier I Component:** Included in the above appropriation is \$167,959,400 in fiscal year 2008-2009 and \$155,805,800 in fiscal year 2009-2010 for the Tier I component as established by KRS 157.440."

**"Vocational Transportation:** Included in the above appropriation is \$2,416,900 in each fiscal year for vocational transportation."

**"Secondary Vocational Education:** Included in the above appropriation is \$23,289,000 in each fiscal year to provide secondary vocational education in state-operated vocational schools."

**"Teachers' Retirement System Employer Match:** Included in the above appropriation is \$349,983,000 in fiscal year 2008-2009 and \$356,059,700 in fiscal year 2009-2010 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550."

**"Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above appropriation is \$2,504,000 in each fiscal year for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

**"Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to

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provide a base guarantee of \$3,822 per student in average daily attendance in fiscal year 2008-2009 and \$3,822 per student in average daily attendance in fiscal year 2009-2010 as well as to meet the other requirements of KRS 157.360.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with the approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

**"Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before December 15 of each year, the chief state school officer shall determine the exact amount of the public common school fund to which each district is entitled, and the remainder of the amount due each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter."

**"SEEK Adjustment Factors:** Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient."

**"Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above appropriation is \$76,327,900 in fiscal year 2008-2009 and \$72,793,300 in fiscal year 2009-2010 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$14,105,500 in fiscal year 2008-2009 and \$13,001,200 in fiscal year 2009-2010 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of January 1, 2008; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2007-2008; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this subsection by January 1, 2008."

**"Retroactive Equalized Facility Funding:** Included in the above appropriation is \$7,348,300 in fiscal year 2008-2009 and \$6,925,800 in fiscal year 2009-2010 to provide equalized facility funding to districts meeting the following eligibility requirements: A

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local board of education that levied a tax rate subject to recall by January 1, 2008, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

**"Equalized Facility Funding:** Included in the above appropriation is \$6,050,500 in fiscal year 2008-2009 and \$5,727,700 in fiscal year 2009-2010 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of January 1, 2008; (b) The district has not received equalized growth facility funding as a result of 2006 Ky. Acts ch. 252, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; (c) The district will not receive retroactive equalized facility funding as set forth in this Act; and (d) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

**"Instructional Days:** Notwithstanding KRS 158.070, the school term for fiscal year 2008-2009 and the school term for fiscal year 2009-2010 shall include not less than the equivalent of 177 six-hour instructional days in a school calendar as approved by the Department of Education. Districts shall not be required to exceed the equivalent of 177 six-hour instructional days."

**HOUSE REPORT**

The House concurs with the Branch with the following changes:

The House provides a SEEK per pupil guarantee (including \$100 per pupil capital outlay) of \$3,884 in fiscal year 2008-2009 and \$4,037 in fiscal year 2009-2010 based on a projected average daily attendance (ADA) totaling 591,605 students in fiscal year 2008-2009 and 594,619 students in fiscal year 2009-2010.

The House reduces General Fund support totaling \$1,387,200 in fiscal year 2008-2009 and \$613,500 in fiscal year 2009-2010 for the Facilities Equalization programs.

The House provides additional General Fund support totaling \$19,926,500 in fiscal year 2008-2009 and \$35,577,200 in fiscal year 2009-2010 for additional funds for the SEEK program.

The House provides additional General Fund support totaling \$39,033,900 in fiscal year 2008-2009 and \$155,681,200 in fiscal year

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2009-2010 to support a salary increase for local school district personnel of 1% in fiscal year 2008-2009 and 3% in fiscal year 2009-2010. This also includes funding for the retirement match, payable to the Kentucky Teachers' Retirement System, associated with the salary increase for local school district certified personnel.

The House provides additional General Fund support totaling \$246,000 in fiscal year 2008-2009 and \$496,000 in fiscal year 2009-2010 to support projected increases in the number of National Board Certified Teachers qualifying for stipends.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, language provisions relating to:

**"Base SEEK Allotments"** by deleting the amounts \$2,050,125,800 in fiscal year 2008-2009 and \$2,034,629,900 in fiscal year 2009-2010 and replacing them with \$2,311,304,600 in fiscal year 2008-2009 and \$2,409,845,400 in fiscal year 2009-2010.

**"Tier I Component"** by deleting the amounts \$167,959,400 in fiscal year 2008-2009 and \$155,805,800 in fiscal year 2009-2010 and replacing them with \$177,085,500 in fiscal year 2008-2009 and \$176,274,800 in fiscal year 2009-2010.

**"Teachers' Retirement System Employer Match"** by deleting the amounts \$349,983,000 in fiscal year 2008-2009 and \$356,059,700 in fiscal year 2009-2010 and replacing them with \$353,391,200 in fiscal year 2008-2009 and \$366,386,500 in fiscal year 2009-2010.

**"Salary Supplements for Nationally Certified Teachers"** by deleting the amount \$2,504,000 in each fiscal year and replacing it with \$2,750,000 in fiscal year 2008-2009 and \$3,000,000 in fiscal year 2009-2010.

**"Allocation of Seek Funds"** by deleting the amounts \$3,822 in fiscal year 2008-2009 and \$3,822 in fiscal year 2009-2010 and replacing them with \$3,884 in fiscal year 2008-2009 and \$4,037 in fiscal year 2009-2010.

**"Final SEEK Calculation"** by deleting the date December 15 and replacing it with the date March 1.

**"Facilities Support Program of Kentucky/Equalized Nickel Levies"** by deleting the amounts relating to FSPK equalization of \$76,327,900 in fiscal year 2008-2009 and \$72,793,300 in fiscal year 2009-2010 and replacing them with \$76,535,400 in fiscal year 2008-2009 and \$73,040,000 in fiscal year 2009-2010 and by deleting the amounts relating to growth levy equalization of \$14,105,500 in fiscal year 2008-2009 and \$13,001,200 in fiscal year 2009-2010 and replacing them with \$14,177,300 in fiscal year 2008-2009 and \$13,015,300 in fiscal year 2009-2010.

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**"Retroactive Equalized Facility Funding"** by deleting the amounts \$7,348,300 in fiscal year 2008-2009 and \$6,925,800 in fiscal year 2009-2010 and replacing them with \$5,477,300 in fiscal year 2008-2009 and \$5,782,000 in fiscal year 2009-2010; by adding a provision that the recallable levy must have passed the recall period by January 1, 2008 to be eligible for equalization; and by adding a provision that levies passed after June 30, 2007 will be equalized at 25 percent of the calculated amount in fiscal year 2008-2009 and by 50 percent of the calculated amount in fiscal year 2009-2010.

**"Equalized Facility Funding"** by deleting the amounts \$6,050,500 in fiscal year 2008-2009 and \$5,997,200 in fiscal year 2009-2010 and replacing them with \$6,315,000 in fiscal year 2008-2009 and \$5,997,200 in fiscal year 2009-2010; by changing the date to qualify for equalized facility funding from January 1, 2008 to February 24, 2005; by adding a provision that any district receiving equalized facility funding on the date of this Act shall continue to receive it in the 2008-2010 fiscal biennium; and by adding a provision stating that districts may not use this source of funding to support debt service payments after June 30, 2025.

**"Instructional Days"** by deleting the language in the State/Executive Branch Budget Bill and replacing it with "Notwithstanding 2006 Ky. Acts ch. 252, Part I, D., 4., (16) and KRS 158.070(1), the school term for local school districts shall, in addition to the instructional time mandated in KRS 158.070(1), include two additional instructional days with a minimum of six hours of instruction being provided each day. No school district is required to exceed the equivalent of 177 six-hour instructional days."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**"Use of SEEK Funds:** To receive funds under the SEEK program, district number 301 shall maintain operations of school number 170 during the time this budget is in effect."

**"Local School District Certified and Classified Employee Pay Policy:** Notwithstanding KRS 157.420, during fiscal year 2008-2009, local school districts shall provide all certified staff and classified staff a salary or compensation increase of not less than one percent and, during fiscal year 2009-2010, local school districts shall provide all certified staff and classified staff a salary or compensation increase of not less than three percent. The salary increases in fiscal year 2008-2009 and fiscal year 2009-2010 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2008-2009 and fiscal year 2009-2010 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications."

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SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate provides a SEEK per pupil guarantee (including \$100 per pupil capital outlay) of \$3,866 in fiscal year 2008-2009 and \$3,909 in fiscal year 2009-2010 based on a projected average daily attendance (ADA) totaling 591,605 students in fiscal year 2008-2009 and 594,619 students in fiscal year 2009-2010.

The Senate provides additional General Fund support totaling \$927,500 in fiscal year 2008-2009 and \$1,993,500 in fiscal year 2009-2010 for the Facilities Equalization programs.

The Senate provides additional General Fund support totaling \$2,412,600 over the 2008-2010 fiscal biennium to adjust the SEEK calculation to match projections of assessment and average daily attendance.

The Senate provides additional General Fund support over fiscal year 2007-2008 levels totaling \$38,180,700 in fiscal year 2008-2009 and \$75,995,400 in fiscal year 2009-2010 to support a salary increase for local school district personnel of 1% in fiscal year 2008-2009 and an additional 1% in fiscal year 2009-2010. This also includes funding for the retirement match, payable to the Kentucky Teachers' Retirement System, associated with the salary increase for local school district certified personnel.

The Senate modifies Part I, Operating Budget, language provisions relating to:

**"Base SEEK Allotments"** by deleting the amounts \$2,311,304,600 in fiscal year 2008-2009 and \$2,409,845,400 in fiscal year 2009-2010 and replacing them with \$2,297,779,600 in fiscal year 2008-2009 and \$2,312,856,500 in fiscal year 2009-2010.

**"Tier I Component"** by deleting the amounts \$177,085,500 in fiscal year 2008-2009 and \$176,274,800 in fiscal year 2009-2010 and replacing them with \$176,342,800 in fiscal year 2008-2009 and \$171,207,000 in fiscal year 2009-2010.

**"Teachers' Retirement System Employer Match"** by deleting the amounts \$353,391,200 in fiscal year 2008-2009 and \$366,386,500 in fiscal year 2009-2010 and replacing them with \$353,283,000 in fiscal year 2008-2009 and \$362,692,700 in fiscal year 2009-2010.

**"Allocation of Seek Funds"** by deleting the amounts \$3,884 in fiscal year 2008-2009 and \$4,037 in fiscal year 2009-2010 and replacing them with \$3,866 in fiscal year 2008-2009 and \$3,909 in fiscal year 2009-2010.

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**"Retroactive Equalized Facility Funding"** by deleting the amount \$5,782,000 in fiscal year 2009-2010 and replacing it with \$6,021,600 in fiscal year 2009-2010 and by removing a provision that the recallable levy must have passed the recall period by January 1, 2008 to be eligible for equalization.

**"Equalized Facility Funding"** by deleting the amounts \$6,315,000 in fiscal year 2008-2009 and \$5,997,200 in fiscal year 2009-2010 and replacing them with \$7,242,500 in fiscal year 2008-2009 and \$7,751,100 in fiscal year 2009-2010; by changing the date to qualify for equalized facility funding from February 24, 2005 to January 1, 2008; by removing a provision that districts may not receive both equalized facility funding and retroactive equalized facility funding; by removing a provision that any district receiving equalized facility funding on the date of this Act shall continue to receive it in the 2008-2010 fiscal biennium; by removing a provision stating that districts may not use this source of funding to support debt service payments after June 30, 2025; and by adding a provision that districts receiving equalization under this subsection for the first time after the effective date of this Act shall receive 25 percent of calculated funding in fiscal year 2008-2009 and 50 percent of calculated funding in fiscal year 2009-2010.

**"Instructional Days"** by deleting the existing language and replacing it with "Notwithstanding KRS 158.070, the school term for fiscal year 2008-2009 and the school term for fiscal year 2009-2010 shall include not less than the equivalent of 177 six-hour instructional days in a school calendar as approved by the Department of Education. Districts shall not be required to exceed the equivalent of 177 six-hour instructional days."

**"Local School District Certified and Classified Employee Pay Policy"** by changing the salary increase in fiscal year 2009-2010 from three percent to one percent.

The Senate deletes the Part I, Operating Budget, language provisions relating to **"Use of SEEK Funds"**.